

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**RECEIVED**

APR 19 2004

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

DIRECTOR OF UTILITIES

W-02197A  
Humboldt Water Systems, Inc.  
P. O. Box 20939  
Sedona AZ 86341

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2003
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FOR COMMISSION USE

Ann04	03
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## COMPANY INFORMATION

Company Name (Business Name) Humboldt Water Systems, Inc.

Mailing Address PO Box 10593

Sedona

(Street)

AZ

(State)

86339

(Zip)

928-204-0604

Telephone No. (Include Area Code)

928-204-0604

Fax No. (Include Area Code)

928-301-3723

Pager/Cell No. (Include Area Code)

Email Address kyllo@npgcable.com

Local Office Mailing Address same

(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address \_\_\_\_\_

## MANAGEMENT INFORMATION

Management Contact: Tim Kylo

(Name)

pres

(Title)

PO Box 10593

(Street)

Sedona

(City)

AZ

(State)

86339

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address \_\_\_\_\_

On Site Manager: Same as above

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address \_\_\_\_\_

**Statutory Agent:** Tim Kylo

(Name)

**PO Box 10593**

**Sedona**

**AZ**

**96339**

(Street)

(City)

(State)

(Zip)

**928-204-0604**

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Attorney:** Raoul Jacques

(Name)

**40 E Virginia**

**PHX**

**AZ**

**85004**

(Street)

(City)

(State)

(Zip)

**602-263-5771**

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☒ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) \_\_\_\_\_

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☒ YAVAPAI

☐ YUMA

☐ STATEWIDE

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization	<b>2,378</b>	<b>594</b>	<b>1,665</b>
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	<b>1,671</b>	<b>1,671</b>	<b>-0-</b>
307	Wells and Springs	<b>19,897</b>	<b>15,154</b>	<b>4,743</b>
311	Pumping Equipment	<b>48,916</b>	<b>35,208</b>	<b>13,710</b>
320	Water Treatment Equipment	<b>2,087</b>	<b>2,087</b>	<b>-0-</b>
330	Distribution Reservoirs and Standpipes	<b>47,943</b>	<b>27,120</b>	<b>2,397</b>
331	Transmission and Distribution Mains	<b>119,437</b>	<b>71,886</b>	<b>47,550</b>
333	Services	<b>37,631</b>	<b>18,591</b>	<b>19,039</b>
334	Meters and Meter Installations	<b>26,093</b>	<b>18,510</b>	<b>7,582</b>
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>306,053</b>	<b>190,821</b>	<b>85,421</b>

This amount goes on the Balance Sheet Acct. No. 108 

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1x2)</b>
301	Organization	<b>2,378</b>	<b>5%</b>	<b>118</b>
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	<b>1,671</b>		<b>0</b>
307	Wells and Springs	<b>19,897</b>		<b>995</b>
311	Pumping Equipment	<b>48,916</b>		<b>2,445</b>
320	Water Treatment Equipment	<b>2,087</b>		<b>0</b>
330	Distribution Reservoirs and Standpipes	<b>47,943</b>		<b>2,397</b>
331	Transmission and Distribution Mains	<b>119,437</b>		<b>5,971</b>
333	Services	<b>37,631</b>		<b>1,881</b>
334	Meters and Meter Installations	<b>26,093</b>		<b>1,304</b>
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>300,314</b>		<b>15,111</b>

This amount goes on Comparative Statement of Income and Expense  
Acct. No. 403.

**BALANCE SHEET**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 660	\$ 2,695
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 660	\$ 2,695
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 300,828	\$ 306,053
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	189,828	190,821
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 110,486	\$ 115,232
	<b>TOTAL ASSETS</b>	\$ 111,146	\$ 117,927

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	<b>14,300</b>	<b>15,569</b>
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 14,300</b>	<b>\$ 15,569</b>
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	<b>\$ 35,901</b>	<b>\$ 33,225</b>
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	<b>26,534</b>	<b>25,829</b>
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$ 26,534</b>	<b>\$ 25,829</b>
	<b>TOTAL LIABILITIES</b>	<b>\$ 76,735</b>	<b>\$ 74,623</b>
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	<b>\$ 2,013</b>	<b>\$ 2,013</b>
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	<b>(36,424)</b>	<b>(36,154)</b>
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	<b>\$</b>	<b>\$</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 111,146</b>	<b>\$ 110,777</b>

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 113,851	\$ 120,184
460	Unmetered Water Revenue		
474	Other Water Revenues	818	771
	<b>TOTAL REVENUES</b>	\$ 114,669	\$ 120,955
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	9,444	9,833
618	Chemicals	3,200	3,350
620	Repairs and Maintenance	16,750	34,166
621	Office Supplies and Expense	1,275	1,200
630	Outside Services	52,990	53,000
635	Water Testing	1,520	1,600
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	1,800	2,200
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	1,200	1,200
403	Depreciation Expense	14,119	15,111
408	Taxes Other Than Income		
408.11	Property Taxes	4,635	4,566
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ 106,933	\$ 126,226
	<b>OPERATING INCOME/(LOSS)</b>	\$ 7,736	\$ (5,231)
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	2,285	2,135
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ (2,285)	\$ (2,135)
	<b>NET INCOME/(LOSS)</b>	\$ 5,451	\$ (7,366)



**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	<b>01/09/99</b>			
Source of Loan	<b>WIFA</b>			
ACC Decision No.	<b>61529</b>			
Reason for Loan	<b>improvements</b>			
Dollar Amount Issued	\$ <b>39,500</b>	\$	\$	\$
Amount Outstanding	\$ <b>34,012</b>	\$	\$	\$
Date of Maturity	<b>12/31/19</b>			
Interest Rate	<b>5.81%</b>			
Current Year Interest	\$ <b>2,124</b>	\$	\$	\$
Current Year Principle	\$ <b>1,889</b>	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ <b>15,569</b>
Meter Deposits Refunded During the Test Year	\$ <b>760</b>

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
<b>623784</b>	<b>5</b>	<b>40</b>	<b>150</b>	<b>6</b>	<b>1 1/2</b>	<b>?</b>
<b>533639</b>	<b>10</b>	<b>150</b>	<b>300</b>	<b>8</b>	<b>3</b>	<b>1991</b>

- Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
<b>n/a</b>		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
<b>10</b>	<b>2</b>	<b>n/a</b>	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
<b>65,000</b>	<b>1</b>	<b>na</b>	
<b>10,000</b>	<b>1</b>		
<b>5,000</b>	<b>1</b>		

COMPANY NAME **Humboldt Water Systems, Inc.**

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2	<b>Steel</b>	<b>10,000</b>
3		
4	<b>PVC</b>	<b>15,740</b>
5	<b>Steel</b>	<b>3,500</b>
6		
8		
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	
3/4	<b>252</b>
1	<b>3</b>
1 1/2	<b>1</b>
2	<b>3</b>
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

**Liquid injection chlorinator and tank**

STRUCTURES:

**Fenced Well lot and pumphouse**

OTHER:

COMPANY NAME: **Humboldt Water Systems, Inc.**

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	255	1,368	1,586
FEBRUARY	257	1,133	1,291
MARCH	259	1,368	1,573
APRIL	254	1,644	1,834
MAY	256	1,541	1,787
JUNE	283	2,385	2,547
JULY	256	2,900	3,250
AUGUST	263	2,398	2,589
SEPTEMBER	261	2,366	2,590
OCTOBER	262	1,942	2,146
NOVEMBER	262	1,498	1,523
DECEMBER	262	1,344	1,446
TOTAL		N/A	

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes                      ( ) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes                      ☒ No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. >0.01 mg/l

*(If more than one well, please list each separately)*

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

COMPANY NAME Humboldt Water YEAR ENDING 12/31/2003

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2003 was: \$ 4566.00

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

COMPANY NAME Humboldt Water YEAR ENDING 12/31/2003

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 5-Corp  
Estimated or Actual Federal Tax Liability \_\_\_\_\_

State Taxable Income Reported \_\_\_\_\_  
Estimated or Actual State Tax Liability \_\_\_\_\_

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances \_\_\_\_\_  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

[Signature]  
SIGNATURE

4-11-04  
DATE

Tim Kelle  
PRINTED NAME

Pres  
TITLE

VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only

RECEIVED

APR 19 2004

VERIFICATION

STATE OF \_\_\_\_\_

I, THE UNDERSIGNED

OF THE

AZ CORPORATION COMMISSIO  
DIRECTOR OF UTILITIES

COUNTY OF (COUNTY NAME)

NAME (OWNER OR OFFICIAL) TITLE

COMPANY NAME

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPRORATION COMMISSION

FOR THE YEAR ENDING

MONTH

DAY

YEAR

12

31

2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2003 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 128,385

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 7431

IN SALES TAXES BILLED, OR COLLECTED

\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

15th

DAY OF

(SEAL)

MY COMMISSION EXPIRES

May 3, 2006

COUNTY NAME

MONTH

2004

SIGNATURE OF NOTARY PUBLIC



TAMMY PIERCE  
NOTARY PUBLIC - ARIZONA  
YAVAPAI COUNTY  
My Commission Expires  
MAY 3, 2006

RECEIVED

APR 19 2004

**RESIDENTIAL REVENUE**  
**INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

1 (COUNTY NAME) <u>YAVAPAI</u>		2 CORPORATION COMMISSION DIRECTOR OF UTILITIES
NAME (OWNER OR OFFICIAL) <u>TIM KYLE</u>	TITLE <u>PRES</u>	
COMPANY NAME <u>Humboldt Water Sys</u>		

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2003 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>112,000</u>

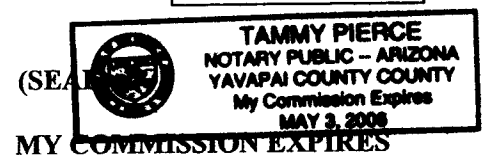
(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 6,846 IN SALES TAXES BILLED, OR COLLECTED)

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.

[Signature]  
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME  
A NOTARY PUBLIC IN AND FOR THE COUNTY OF  
THIS 15th DAY OF

NOTARY PUBLIC NAME <u>Tammy Pierce</u>	
COUNTY NAME <u>Yavapai</u>	
MONTH <u>April</u>	. 20 <u>04</u>



X [Signature]  
SIGNATURE OF NOTARY PUBLIC